



## CHANIN CAPITAL PARTNERS

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May 18, 2000

Mr. Lawrence J. Kustra  
Co-Chairperson  
Mr. Gerard F. Ganey  
Co-Chairperson  
Official Committee of Unsecured Creditors of  
Randall's Island Family Golf Center, Inc., et al.  
c/o Edward S. Weisfelner, Esq.  
Berlack, Israels & Liberman LLP  
120 West 45th Street  
New York, NY 10036

Re: Randall's Island Family Golf Center, Inc., et al.. (the "Debtor" or "Company" or "Estate") -  
Chapter 11 Case No. 00-41065 through 00-41196 (SMB)

Dear Mr. Kustra and Mr. Ganey:

The purpose of this letter is to confirm the agreement of the official committee of unsecured creditors (the "Committee") of the Debtor to retain Jeffrey Chanin and Company LLC and its affiliates ("Chanin" or the "Advisor") as its financial advisor, and to support payment of certain compensation and out-of-pocket expenses as set forth herein (the "Agreement"), subject to approval of the United States Bankruptcy Court for the Southern District of New York (the "Court") overseeing this Chapter 11 Case, upon the filing of appropriate fee applications. Chanin has been engaged as the exclusive financial advisor to members of the Official Committee of Unsecured Creditors (the "Committee"), appointed pursuant to §1103 (a) (1) of the Bankruptcy Code. Chanin will exclusively provide advisory services to the Committee in connection with the Chapter 11 proceedings. Chanin's engagement will commence nunc pro tunc to May 17, 2000 upon approval by the Court of Chanin's retention upon the filing and review of an appropriate retention application.

1. As the exclusive financial advisor to the Committee, Chanin will perform the following services and such analyses as may be requested by the Committee:
  - (a) Analysis of the Company's operations, business strategy, concept implementation, marketing plan, and competition in each of the relevant markets as well as, an analysis of the industry dynamics affecting the Company;



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- (b) Analysis of the Company's financial condition, business plans, operating forecasts, management, and the prospects for its future performance;
  - (c) Financial valuation of the ongoing operations of the Company;
  - (d) Assist the Committee in developing, evaluating, structuring and negotiating the terms and conditions of a potential Restructuring, including the value of the securities, if any, that may be issued to the Committee under any Restructuring;
  - (e) Analysis of potential divestitures of the Company's operations; and
  - (f) Provide the Committee with other and further financial advisory services with respect to the Company, including expert testimony, valuation, general restructuring and advice with respect to financial, business and economic issues as may arise during the course of the Restructuring as requested by the Committee.
2. The advisory services and compensation arrangements set forth herein do not encompass other investment banking services such as the exclusive sale or disposition of assets, the raising of capital, the issuance of "fairness opinions", or any other specific transaction not set forth in Paragraph One (1.) of this Agreement.

Section 2. Compensation. As consideration for the services rendered by Chanin, the Committee hereby agrees to the following:

- a. A monthly advisory fee in the amount of \$75,000 (the "Monthly Advisory Fee"). The Monthly Advisory Fee will be payable upon approval of a retention application and an appropriate fee application by the Court authorizing the Committee's retention of Chanin and its implementation pursuant to this agreement (the "Agreement").
- b. The Committee agrees to seek to have the Estate reimburse Chanin promptly for all reasonable out-of-pocket expenses (including fees and expenses of counsel) incurred by Chanin in connection with the engagement hereunder; provided however, that Chanin shall not engage counsel unless it obtains the prior written consent of the Committee for such retention. Reimbursement of out-of-pocket expenses will be paid to Chanin promptly by the Company, upon approval by the Bankruptcy Court upon consideration by the Court of a filed fee application.



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The Committee agrees to and will seek Court approval of the Indemnification and other obligations set forth in Section 10 hereto, which such Section 10 is an integral part hereof and is hereby incorporated herein by reference.

Without limiting anything else contained herein, no fee payable to any other financial advisor by the Committee or any other entity shall reduce or otherwise affect the fees payable hereunder to Chanin described in section 2 above.

Section 3. Term of Engagement. This Agreement may be terminated by either the Committee or Chanin hereto upon 30 days' written notice. Upon any termination or expiration of this Agreement, Chanin will be entitled to prompt payment of all Fees earned prior to such termination or expiration and reimbursement of all out-of-pocket expenses described above. Sections 6 of this Agreement and the indemnity and other provisions contained in Section 10 will also remain operative and in full force and effect regardless of any termination or expiration of this Agreement. However, if the Committee terminates the Agreement, Chanin shall be entitled to reimbursement of expenses incurred through such termination date.

Section 4. Cooperation. The Committee and Debtor or a representative of the Debtor's Estate shall furnish Chanin with all financial and other information and data as Chanin believes appropriate in connection with its activities on the Committee's behalf, and shall provide Chanin full access to the Estate's officers, directors, employees and professional advisors.

Section 5. Confidentiality. The Committee agrees that any advice, written or oral, provided by Chanin pursuant to this Agreement will be treated by the Committee as confidential, will be used solely for the information and assistance of the Committee in connection with its consideration of a transaction of the type referred to in the first paragraph of this Agreement and will not be used, circulated, quoted or otherwise referred to for any other purpose, nor will it be filed with, included in or referred to, in whole or in part, in any registration statement, proxy statement or any other communication, whether written or oral, prepared, issued or transmitted by the Committee or any affiliate, director, officer, employee agent or representative of any thereof, without, in each instance, Chanin's prior written consent.

Further, in connection with this engagement of Chanin, it is contemplated that the Committee may supply to Chanin certain non-public or proprietary information concerning the Company ("Confidential Information"). Chanin shall use Confidential Information solely for the purposes of rendering services pursuant and in accordance with this and shall not, without the prior written consent of



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the Committee, disclose any Confidential Information to any person, other than its officers, directors, employees and outside advisors with a need to know; provided however, that the foregoing shall not apply to any information which Chanin is required to disclose by judicial or administrative process in connection with any action, suit, proceeding or claim.

Section 6. Conflicts; Limitation. The Committee acknowledges that Chanin and its affiliates may have and may continue to have investment banking and other relationships with parties other than the Committee pursuant to which Chanin may acquire information of interest to the Committee. Chanin shall have affirmative obligation to disclose such information to the Committee. The Committee recognizes that Chanin has been retained only by the Committee, and that the Committee's engagement of Chanin is not deemed to be on behalf of and is not intended to and does not confer rights upon any stockholders, owner or partner of the Committee or any officers, agents, employees or representatives of either Chanin or any of Chanin's affiliates. No one other than the Committee is authorized to rely upon the engagement of Chanin hereunder or any statements, advice, opinions or conduct by Chanin.

Section 7. Exclusivity. The Committee hereby retains and authorizes Chanin to act as its advisor in connection with the advisory services. The Committee agrees that no other financial advisor is or will be authorized by it during the term of this Agreement to perform services on its behalf of the type which Chanin is authorized to perform hereunder, without the express permission of Chanin.

Section 8. Public Announcements. Chanin shall have the right to place announcements and advertisements in financial and other newspapers and journals, at its own expense, describing its services provided that Chanin obtains the Committee's prior written consent.

Section 9. Complete Agreement; Severability; Amendments; Assignment. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes any prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect or any other provision of this agreement, which will remain in full force and effect. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing signed by both Chanin and the Committee. This Agreement may not be assigned by either party without the prior written consent of each party.

Section 10. Indemnification. In consideration of the Advisor's agreement to perform services, the Committee shall:



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- (a) Seek to have the Debtor indemnify and hold harmless the Advisor and any of its directors, officers, employees, consultants or agents (each, individually, an "Indemnified Person") from and against any losses, claims, expenses, damages or liabilities to which such Indemnified Person may become subject arising in any manner out of or in connection with Chanin's engagement and/or the rendering of services by Chanin hereunder, except to the extent that such losses, claims, damages or liabilities are finally determined in judicial rulings to have resulted in whole or part from the gross negligence or willful misconduct of any Indemnified Person; and
- (b) Seek authorization from the Bankruptcy Court to cause the Debtor to reimburse such Indemnified Person for reasonable legal or other expenses, as they are incurred, that arise in connection with investigating, preparing to defend or defending any lawsuit, claim or proceeding and any appeals therefrom arising in any manner out of or in connection with the rendering of services by any Indemnified Person pursuant to this Agreement to the Committee if such Indemnified Person is entitled to indemnification under Paragraph 5(a) of this Agreement above; provided, however, that in the event a final judicial determination is made to the effect specified in Paragraph 5(a) of this Agreement above, such Indemnified Person promptly would remit to the Company any amounts reimbursable under this Paragraph 5(b) of this Agreement.

The Committee and Chanin agree that: (i) the indemnification and reimbursement commitments set forth in this paragraph shall apply whether or not such Indemnified Person is a named party to any such lawsuit, claim or other proceeding; and (ii) promptly after receipt by Chanin of notice of its involvement in any action, proceeding or investigation, it shall, if a claim in respect thereof is to be made under the preceding paragraph, notify the Committee in writing of such involvement. To the extent it wishes, the Debtor shall be entitled to assume the defense of any action which is the subject of the preceding paragraph with counsel reasonably satisfactory to Chanin. In the event, however, that if (i) the named parties to any such action (including any impleaded party) include an Indemnified Person, and such Indemnified Person shall have been advised by counsel that there may be legal defenses available to it which are different from or additional to those available to the Debtor or other Indemnified Persons, or (ii) the Debtor fails to assume the defense of the action or proceeding in a reasonably timely manner, then such Indemnified Person may employ separate counsel to represent or defend it in any such action or proceeding and the Debtor will cause the Company to pay the reasonable fees and disbursements of such counsel; provided, however, that the Debtor will not be required to pay the Fees and disbursements of more than one separate counsel for all Indemnified Persons in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which is assumed by the Debtor, the Indemnified Person will have the right to participate in such litigation and to retain its own counsel at such Indemnified Person's own expense. Chanin will not, without the prior written consent of the Debtor, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action,



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suit or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of Chanin and each other Indemnified Person hereunder from any and all liability arising out of such claim, action, suit or proceeding and does not involve any liability or payment by the Company hereunder. Notwithstanding anything to the contrary contained herein, the Debtor shall not have the obligation to hold harmless or indemnify Chanin or pay any legal costs for Chanin if it enters into any settlement of any action or proceeding arising from the services provided pursuant to this Agreement without the prior written consent of the Debtor, which consent shall not be unreasonably withheld. The Debtor shall not enter into any settlement of any action or proceeding arising from the services provided pursuant to this agreement without the prior consent of Chanin, which consent shall not be unreasonably withheld.



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Section 11. Governing Law; Forum. This Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely in such state. Any disputes arising from this Agreement shall be resolved by the Court, which shall have exclusive jurisdiction over the parties hereto, and over this Agreement, its interpretation, and any disputes or claims arising therein.

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to Chanin the enclosed original copy of this Agreement.

Very truly yours,

Jeffrey Chanin and Company LLC

By: /s/ Randall L. Lambert  
Randall L. Lambert  
Managing Director

Agreed to and accepted as of the date  
first written above.

Official Committee of Unsecured Creditors of Randall's Island Golf Center, Inc. et al.

By: /s/ Lawrence J. Kustra  
Mr. Lawrence J. Kustra  
Co-Chairperson

By: /s/ Gerard F. Ganey  
Mr. Gerard F. Ganey  
Co-Chairperson